

SENATE BILL REPORT

SB 6828

As of February 7, 2000

Title: An act relating to authorizing a credit of tribal taxes against state taxes on liquor subject to agreements regarding the state and tribal tax systems.

Brief Description: Authorizing a credit of tribal taxes against state taxes on liquor, subject to agreements regarding the state and tribal tax systems.

Sponsors: Senators Thibaudeau and Prentice; by request of Governor Locke.

Brief History:

Committee Activity: Ways & Means: 2/7/2000.

SENATE COMMITTEE ON WAYS & MEANS

Staff: Risa Sandler (786-7708)

Background: Current law imposes statewide taxes on all liquor sold in Washington. This extends to state stores and contracted vendors of hard liquor, beer and wine distributors, and retail establishments. Tax levels vary with type, volume and price.

Presently there are approximately 300 locations from which liquor may be purchased in Washington, and slightly more than half of these locations are private vendors that contract with the state. The remainder of the vendors are state-operated stores. The Liquor Control Board is the sole distributor of hard liquor. Within the Yakama reservation, there are two private vendors of hard liquor, in addition to private distributors that supply beer and wine to 47 licensed local retailers.

In November 1999, the Yakama Nation voted to license and impose a distributor's license fee of \$5,000 on liquor vendors located on reservation land. A tax based on the volume and type of liquor was also added, to be paid by the distributors. The tribal taxes are in addition to current statewide taxes. In January of this year, both the tax and the licensing fee went into effect.

Revenue raised from state liquor taxes is distributed to the following accounts: the state general fund, the violence reduction and drug enforcement and education account, the health services account, and to cities and counties.

Summary of Bill: The Governor is authorized to enter into cooperative agreements with federally recognized tribes regarding liquor taxation.

Each agreement must include: provisions to allow the tribes to impose a tax that is no greater than the current state tax rate; tribal agreement not to impose any other liquor taxes or license fees; collection procedures; and a collection measure and base that is uniform with the state measure and base. Disputes go to an arbitrator or mediator and may lead to judicial

resolution. Both the state and the tribe must each consent to a limited waiver of sovereign immunity.

The Department of Revenue collects the tribal tax, at no cost to the tribe. The tribal tax must be credited against state liquor taxes.

The amount of the tribal tax that is collected is dedicated to the following activities: substance abuse programs, alcohol-related law enforcement activities, and other public health purposes. The credit against the state tax does not reduce revenues that currently are distributed to local governments.

The Governor may delegate the power to negotiate agreements to the Department of Revenue and the Liquor Control Board jointly.

Appropriation: None.

Fiscal Note: Requested.

Effective Date: Ninety days after adjournment of session in which bill is passed.